

QUARTERLY REPORT

LICENSEE: BOARDWALK REGENCY CORPORATION (Caesars Atlantic City)

FOR THE QUARTER ENDED JUNE 30, 2001

**TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY**

BALANCE SHEETS

AS OF JUNE 30, 2001 AND 2000

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
	ASSETS		
	Current Assets:		
1	Cash and Cash Equivalents.....	\$ 34,200	\$ 21,868
2	Short-Term Investments.....	-	-
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts-(2001, \$15,299; 2000, \$13,034).....Note 2	45,850	27,948 *
4	Inventories.....Note 1	3,834	4,501
5	Prepaid Expenses and Other Current Assets.....Note 3	2,308	23,977
6	Total Current Assets.....	86,192	78,294
7	Investments, Advances, and Receivables.....Note 4	15,021	15,290 *
8	Property and Equipment - Gross.....Notes 1, 5 & 11	835,344	802,438
9	Less: Accumulated Depreciation and Amortization.....	(292,017)	(257,809)
10	Property and Equipment - Net.....	543,327	544,629
11	Other Assets.....	262	4,302 *
12	Total Assets.....	\$ 644,802	\$ 642,515
	LIABILITIES AND EQUITY		
	Current Liabilities:		
13	Accounts Payable.....	\$ 9,360	\$ 8,664 *
14	Notes Payable.....Note 6	-	771 *
	Current Portion of Long-Term Debt:		
15	Due to Affiliates.....Note 10	-	- *
16	Other.....Note 11	373	19 *
17	Income Taxes Payable and Accrued.....Note 1	-	7,556
18	Other Accrued Expenses.....Note 8	25,696	41,989 *
19	Other Current Liabilities.....Note 9	40,008	46,639 *
20	Total Current Liabilities.....	75,437	105,638
	Long-Term Debt:		
21	Due to Affiliates.....Note 10	518,330	494,999 *
22	Other.....Note 11	1,384	2,073 *
23	Deferred Credits.....Note 7	-	16,672
24	Other Liabilities.....	5,166	8,689 *
25	Commitments and Contingencies		
26	Total Liabilities.....	600,317	628,071
27	Stockholders', Partners', or Proprietor's Equity.....	44,485	14,444
28	Total Liabilities and Equity.....	\$ 644,802	\$ 642,515

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

*Reclassifications have been made in the prior period financial statements in order to conform with the presentation used in the current period.

STATEMENTS OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2001 AND 2000

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)	
	Revenue:			
1	Casino.....Note 1.....	\$ 223,925	\$ 230,945	*
2	Rooms.....	19,737	19,199	*
3	Food and Beverage.....	31,315	27,655	*
4	Other.....	12,808	10,584	*
5	Total Revenue.....	287,785	288,383	
6	Less: Promotional Allowances.....Note 1.....	38,069	34,456	
7	Net Revenue.....	249,716	253,927	
	Costs and Expenses:			
8	Cost of Goods and Services.....	127,532	121,348	*
9	Selling, General, and Administrative.....	49,420	58,944	*
10	Provision for Doubtful Accounts.....	1,770	2,009	
11	Total Costs and Expenses.....	178,722	182,301	
12	Gross Operating Profit.....	70,994	71,626	
13	Depreciation and Amortization.....Note 1.....	17,636	19,723	
	Charges from Affiliates Other than Interest:			
14	Management Fees.....Note 12.....	7,555	7,612	
15	Other.....Note 12.....	3,067	2,965	
16	Income (Loss) from Operations.....	42,736	41,326	
	Other Income (Expenses):			
17	Interest (Expense) - Affiliates.....Note 6 & 10.....	(21,848)	(27,589)	
18	Interest (Expense) - External.....Note 11.....	(255)	(327)	
19	Investment Alternative Tax and Related Income (Expense) -.....Note 1.....	(1,338)	(713)	
20	Nonoperating Income (Expense) - Net.....Note 13.....	218	319	
21	Total Other Income (Expenses).....	(23,223)	(28,310)	
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	19,513	13,016	
23	Provision (Credit) for Income Taxes.....Note 1.....	7,971	6,313	
24	Income (Loss) Before Extraordinary Items.....	11,542	6,703	
	Extraordinary Items (Net of Income Taxes -			
25	20__, \$; 20__, \$).....			
26	Net Income (Loss).....	\$ 11,542	\$ 6,703	

The accompanying notes are an integral part of the financial statements.

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STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED JUNE 30, 2001 AND 2000

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
	Revenue:		
1	Casino.....Note 1.....	\$ 113,233	\$ 122,929 *
2	Rooms.....	9,929	10,029 *
3	Food and Beverage.....	16,851	14,084 *
4	Other.....	7,415	6,823 *
5	Total Revenue.....	147,428	153,865
6	Less: Promotional Allowances.....Note 1.....	20,036	17,008
7	Net Revenue.....	127,392	136,857
	Costs and Expenses:		
8	Cost of Goods and Services.....	65,188	62,269 *
9	Selling, General, and Administrative.....	23,661	31,748 *
10	Provision for Doubtful Accounts.....	919	1,623
11	Total Costs and Expenses.....	89,768	95,640
12	Gross Operating Profit.....	37,624	41,217
13	Depreciation and Amortization.....Note 1.....	8,811	9,748
	Charges from Affiliates Other than Interest:		
14	Management Fees.....Note 12.....	3,852	4,045 *
15	Other.....Note 12.....	1,549	1,500
16	Income (Loss) from Operations.....	23,412	25,924
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates.....Note 6 & 10.....	(10,984)	(13,454)
18	Interest (Expense) - External.....Note 11.....	(121)	(153) *
19	Investment Alternative Tax and Related Income (Expense) -Note 1.....	(959)	(434)
20	Nonoperating Income (Expense) - Net.....Note 13.....	101	104 *
21	Total Other Income (Expenses).....	(11,963)	(13,937)
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	11,449	11,987
23	Provision (Credit) for Income Taxes.....Note 1.....	4,677	5,500
24	Income (Loss) Before Extraordinary Items.....	6,772	6,487
	Extraordinary Items (Net of Income Taxes -		
25	20__, \$; 20__, \$).....		
26	Net Income (Loss).....	\$ 6,772	\$ 6,487

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

*Reclassifications have been made in the prior period financial statements in order to conform with the presentation used in the current period.

TRADING NAME OF LICENSEE: BOARDWALK REGENCY CORPORATION (Caesars Atlantic City)

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2000 AND THE SIX MONTHS ENDED JUNE 30, 2001

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated) (Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 1999.....	100	\$ 1,370		\$	\$ 46,065	\$	\$ (39,694)	\$ 7,741
2	Net Income (Loss) - 2000.....							25,202	25,202
3	Contribution to Paid-in-Capital.....							-	-
4	Dividends.....							-	-
5	Prior Period Adjustments.....							-	-
6	.....							-	-
7	.....							-	-
8	.....							-	-
9	.....							-	-
10	Balance, December 31, 2000.....	100	1,370	-	-	46,065	-	(14,492)	32,943
11	Net Income (Loss) - June 30, 2001.....							11,542	11,542
12	Contribution to Paid-in -Capital.....							-	-
13	Dividends.....							-	-
14	Prior Period Adjustments.....							-	-
15	.....							-	-
16	.....							-	-
17	.....							-	-
18	.....							-	-
19	Balance, June 30, 2001.....	100	\$ 1,370	-	\$	\$ 46,065	\$	\$ (2,950)	\$ 44,485

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2000
AND THE SIX MONTHS ENDED JUNE 30, 2001

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	 (e)	Total Equity (Deficit) (f)
1	Balance, December 31, 1999.....	\$	\$	\$	\$
2	Net Income (Loss) - 2000.....				
3	Capital Contributions.....				
4	Capital Withdrawals.....				
5	Partnership Distributions.....				
6	Prior Period Adjustments.....				
7	.....			
8	.....			
9	.....			
10	Balance, December 31, 2000.....				
11	Net Income (Loss) - 2001.....				
12	Capital Contributions.....				
13	Capital Withdrawals.....				
14	Partnership Distributions.....				
15	Prior Period Adjustments.....				
16	.....			
17	.....			
18	.....			
19	Balance, June 30, 2001.....	\$	\$	\$	\$

THIS FORM IS NOT APPLICABLE

The accompanying notes are an integral part of the financial statements.
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STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2001 AND 2000

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
1	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES.....	\$ 35,804	\$ 36,200
	CASH FLOWS FROM INVESTING ACTIVITIES:		
2	Purchase of Short-Term Investment Securities.....		
3	Proceeds from the Sale of Short-Term Investment Securities.....		
4	Cash Outflows for Property and Equipment.....	(20,711)	(3,675)
5	Proceeds from Disposition of Property and Equipment.....	1	2,018
6	Purchase of Casino Reinvestment Obligations.....	(1,637)	(2,483) *
7	Purchase of Other Investments and Loans/Advances made.....	299	533
8	Proceeds from Disposal of Investments and Collection of Advances and Long-Term Receivables.....		100 *
9	Cash Outflows to Acquire Business Entities.....		
10			
11			
12	Net Cash Provided (Used) By Investing Activities.....	(22,048)	(3,507)
	CASH FLOWS FROM FINANCING ACTIVITIES:		
13	Cash Proceeds from Issuance of Short-Term Debt.....		-
14	Payments to Settle Short-Term Debt.....		(23,374) *
15	Cash Proceeds from Issuance of Long-Term Debt.....		
16	Costs of Issuing Debt.....		
17	Payments to Settle Long-Term Debt.....	(153)	(41,833) *
18	Cash Proceeds from Issuing Stock or Capital Contributions.....		
19	Purchases of Treasury Stock.....		
20	Payments of Dividends or Capital Withdrawals.....		
21			
22	Borrowings/Payments of Intercompany Payable.....	(15,917)	23,358 *
23	Net Cash Provided (Used) By Financing Activities.....	(16,070)	(41,849)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....	(2,314)	(9,156)
25	Cash and Cash Equivalents at Beginning of Period.....	36,514	31,024
26	Cash and Cash Equivalents at End of Period.....	\$ 34,200	\$ 21,868
	CASH PAID DURING PERIOD FOR:		
27	Interest (Net of Amount Capitalized).....	\$ 24,328	\$ 28,113
28	Income Taxes.....	\$ 7,971	\$ -

The accompanying notes are an integral part of the financial statements.

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with the presentation used in the current period.

STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2001 AND 2000

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
	NET CASH FLOWS FROM OPERATING ACTIVITIES:		
29	Net Income (Loss).....	\$ 11,542	\$ 6,703
	Noncash Items Included in Income and Cash Items		
	Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment.....	17,136	17,925
31	Amortization of Other Assets.....	500	1,798
32	Amortization of Debt Discount or Premium.....		
33	Deferred Income Taxes - Current.....		
34	Deferred Income Taxes - Noncurrent.....		
35	(Gain) Loss on Disposition of Property and Equipment.....	-	(6)
36	(Gain) Loss on Casino Reinvestment Obligations.....	1,338	713
37	(Gain) Loss from Other Investment Activities.....		
	Net (Increase) Decrease in Receivables and Patrons'		
38	Checks.....	(1,881)	(9,564) *
39	Net (Increase) Decrease in Inventories.....	(147)	305
40	Net (Increase) Decrease in Other Current Assets.....	260	(2,072) *
41	Net (Increase) Decrease in Other Assets.....	2,758	(364) *
42	Net Increase (Decrease) in Accounts Payable.....	1,565	(3,619) *
	Net Increase (Decrease) in Other Current Liabilities		
43	Excluding Debt.....	6,201	24,237 *
	Net Increase (Decrease) in Other Noncurrent Liabilities		
44	Excluding Debt.....	(3,468)	144 *
45			
46			
47	Net Cash Provided (Used) By Operating Activities.....	\$ 35,804	\$ 36,200

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:		
48	Additions to Property and Equipment.....	\$ 20,711	\$ 3,675
49	Less: Capital Lease Obligations Incurred.....		
50	Cash Outflows for Property and Equipment.....	\$ 20,711	\$ 3,675
	ACQUISITION OF BUSINESS ENTITIES:		
51	Property and Equipment Acquired.....		
52	Goodwill Acquired.....		
	Net Assets Acquired Other than Cash, Goodwill, and		
53	Property and Equipment.....		
54	Long-Term Debt Assumed.....		
55	Issuance of Stock or Capital Invested.....		
56	Cash Outflows to Acquire Business Entities.....	\$ -	\$ -
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:		
57	Total Issuances of Stock or Capital Contributions.....		
58	Less: Issuances to Settle Long-Term Debt.....		
59	Consideration in Acquisition of Business Entities.....		
60	Cash Proceeds from Issuing Stock or Capital Contributions.....	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

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TRADING NAME OF LICENSEE: BOARDWALK REGENCY CORPORATION (Caesars Atlantic City)

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE THREE MONTHS ENDED JUNE 30, 2001

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	108,027	\$ 6,341		
2	Food	449,155	7,541		
3	Beverage	866,388	4,318		
4	Travel			6,637	\$ 1,491
5	Bus Program Cash			191,075	2,640
6	Other Cash Complimentaries			196,370	8,432
7	Entertainment	60,468	1,308	4,536	165
8	Retail & Non-Cash Gifts			150	237
9	Parking				
10	Other*	68,656	528	135,462	1,794
11	Total	1,552,694	\$ 20,036	534,230	\$ 14,759

FOR THE SIX MONTHS ENDED JUNE 30, 2001

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	216,612	\$ 13,015		
2	Food	848,596	13,980		
3	Beverage	1,563,416	7,784		
4	Travel			12,848	\$ 3,093
5	Bus Program Cash			325,801	5,023
6	Other Cash Complimentaries			362,964	16,242
7	Entertainment	116,668	2,195	5,882	269
8	Retail & Non-Cash Gifts			449	587
9	Parking				
10	Other*	127,143	1,095	317,708	3,377
11	Total	2,872,435	\$ 38,069	1,025,652	\$ 28,591

* No single item within "Other" exceeds 5% of the total.

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and basis of presentation

Boardwalk Regency Corporation (the "Company"), a New Jersey corporation, is a wholly owned subsidiary of Caesars New Jersey, Inc. ("CNJ"), a New Jersey corporation. The Company owns and operates Caesars Atlantic City Hotel/Casino ("CAC") in Atlantic City, New Jersey. CNJ is a wholly owned subsidiary of Caesars World, Inc. ("CWI"), a Florida corporation, and CWI is a wholly owned subsidiary of Park Place Entertainment ("PPE"). The Company operates in one industry segment and all significant revenues arise from its casino and supporting hotel operations. The accompanying financial statements should be read in conjunction with the Casino Control Commission Quarterly Report for the year ended December 31, 2000.

All adjustments have been recorded which are, in the opinion of management, necessary for a fair presentation of the balance sheets for the Company at June 30, 2001 and 2000, and its statements of income for the three and six months ended June 30, 2001 and 2000 and its statements of cash flows for the six months ended June 30, 2001 and 2000. All such adjustments were of a normal recurring nature.

Seasonal factors

The Company's operations are subject to seasonal factors and, therefore, the results of operations of the six months ended June 30, 2001 and 2000 are not necessarily indicative of the results of operations for the full year.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses reported during the period. Actual results could differ from such estimates.

Revenue recognition and promotional allowances

Casino revenues represent the net revenue from gaming wins and losses. The revenues from hotel, food and beverage, and from theater ticket sales are recognized at the time the related services are performed. The Statement of Income reflects operating revenues including the retail value of complimentary services (also known as promotional allowances), which are deducted on a separate line to arrive at net revenues. Promotional allowances are provided to casino patrons without charge.

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Reclassifications

The financial statements for the prior year reflect certain reclassifications to conform with classifications adopted in 2001. These reclassifications had no impact on previously reported net income.

Inventories

Inventories are stated at the lower of cost (weighted average cost method) or market, which approximates replacement cost.

Property and equipment

Depreciation of property and equipment is provided on the straight-line method over the estimated economic lives of the related assets. Depreciation expense was \$8,567 and \$8,932 for the three months ended June 30, 2001 and 2000, respectively, and \$17,136 and \$17,925 for the six months ended June 30, 2001 and 2000, respectively.

<u>Asset class</u>	<u>Life</u>
Buildings and improvements	10-40 years
Furniture, Fixtures and Equipment	3-8 years

Long-lived assets

The provisions of Statement of Financial Accounting Standard No. 121 "Accounting for the Impairment of Long-Lived Assets," require, among other things, that an entity review its long-lived assets and certain related intangibles for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. The Company does not believe that any such changes have occurred.

Fair values of financial instruments

The fair values of the Company's financial instruments including receivables, payables and debt, approximate their recorded book values at June 30, 2001 and 2000.

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Income taxes

The Company is included in the consolidated federal income tax return of PPE. The Company provides for income taxes by applying the respective state and federal statutory rates to the results of operations. The corresponding liability or receivable is credited or charged to PPE. Deferred income taxes and liabilities for temporary differences between the carrying amounts for financial reporting and income tax purposes, if any, are accounted for by PPE. Prior to October 2000, the corresponding liability or receivable and deferred income taxes were accounted for by the Company.

Casino Reinvestment Development Authority

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company has satisfied this investment obligation by investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the Casino Reinvestment Development Authority ("CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have terms up to fifty years and bear interest at below market rates. The Company records a charge to reflect the estimated realizable value of its CRDA investments.

Allocations and transactions with related parties

The Company transfers cash in excess of its operating needs to PPE on a daily basis. PPE provides the Company with cash advances for capital expenditures and working capital needs.

Certain executive, administrative and support operations of the Company and other PPE affiliates are consolidated, including limousine services, legal services, advertising, sales and marketing services, purchasing and other administrative departments. Costs of these operations are allocated to or from the Company either directly or using various formulas based on estimates of utilization of such services. Management believes the methods used to allocate these costs are reasonable.

New Accounting Standard

Statement of Financial Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), is effective for all fiscal years beginning after June 15, 2000. SFAS 133, as amended, establishes accounting and reporting standards for derivative

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

instruments, including certain derivative instruments embedded in other contracts and for hedging activities. Under SFAS 133, certain contracts that were not formerly considered derivatives may now meet the definition of a derivative. The Company adopted SFAS 133 January 1, 2001. The adoption of SFAS 133 did not have a significant impact on the financial position, results of operations, or cash flows of the Company.

NOTE 2 – RECEIVABLES AND PATRONS’ CHECKS

Receivables and patrons’ checks as of June 30 consist of the following:

	<u>2001</u>	<u>2000</u>
Casino receivables (net of allowance for doubtful accounts – 2001, \$14,989; 2000, \$12,823)	\$ 12,563	\$ 17,164
Other (net of allowance for doubtful accounts – 2001, \$310; 2000, \$211)	4,142	10,784
Due from PPE	<u>29,145</u>	<u>-</u>
	<u>\$45,850</u>	<u>\$ 27,948</u>

NOTE 3 – PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets as of June 30 consist of the following:

	<u>2001</u>	<u>2000</u>
Deferred income taxes	\$ -	\$ 19,270
Other	<u>2,308</u>	<u>4,707</u>
	<u>\$ 2,308</u>	<u>\$ 23,977</u>

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 4 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments advances and receivables as of June 30 consist of the following:

	<u>2001</u>	<u>2000</u>
CRDA deposits	\$ 9,907	\$ 7,653
CRDA bonds receivable	2,298	2,150
CRDA Seat License Agreement	6,178	6,852
Other, net	<u>47</u>	<u>47</u>
	18,430	16,702
Less: valuation allowance on CRDA investments	<u>(3,409)</u>	<u>(1,412)</u>
	<u>\$15,021</u>	<u>\$ 15,290</u>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment as of June 30 consist of the following:

	<u>2001</u>	<u>2000</u>
Land	\$ 117,905	\$ 117,880
Buildings and improvements	526,649	510,615
Furniture, fixtures and equipment	175,248	165,291
Construction in progress	<u>15,542</u>	<u>8,652</u>
	835,344	802,438
Less accumulated depreciation and amortization	<u>(292,017)</u>	<u>(257,809)</u>
	<u>\$ 543,327</u>	<u>\$ 544,629</u>

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 6 – NOTES PAYABLE

At December 31, 2000, the Company entered into an uncommitted \$50,000 credit facility with Park Place Finance Corporation (PPFC), a wholly owned subsidiary of PPE. At June 30, 2001, there was no outstanding balance.

The Company maintained a revolving line of credit (Grid Note) with Desert Palace, Inc. (DPI), a wholly owned subsidiary of CWI. The total commitment was \$50,000. The average of the month-end amount outstanding for 2000 was \$14,379, and the weighted-average interest rate was 8.58%. This revolving line of credit was terminated June 2000.

In December 1999, the Company entered into a \$1,798 loan agreement with a vendor. The principal plus accrued interest was payable in twelve equal installments of \$158 with the first installment made in December 1999. Interest is computed at 10% per annum on the unpaid principal balance. As of December 2000, this loan had been satisfied.

NOTE 7 – DEFERRED CREDITS

Noncurrent deferred credits of \$16,672 at June 30, 2000, represent noncurrent deferred income taxes which result from timing differences between income for financial reporting purposes and income for tax purposes. The most significant timing differences, included in deferred credits and prepaid expenses (NOTE 3), relate to the allowance for doubtful accounts, depreciation, and certain accrued liabilities. Deferred income tax amounts were transferred to and are accounted for by PPE.

NOTE 8 - OTHER ACCRUED EXPENSES

Other accrued expenses as of June 30 consist of the following:

	<u>2001</u>	<u>2000</u>
Accrued payroll and benefits	\$ 9,999	\$20,284
Insurance claims	4,024	2,854
Income taxes payable	-	7,556
Other	<u>11,673</u>	<u>11,295</u>
	<u>\$25,696</u>	<u>\$41,989</u>

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 9- OTHER CURRENT LIABILITIES

Other current liabilities as of June 30 consist of the following:

	<u>2001</u>	<u>2000</u>
Due to PPE	\$ -	\$ 23,958
Due to affiliates-other	31,809	18,216
Unredeemed slot promotions liability	1,850	1,655
Unredeemed chip and token liability	4,786	2,215
Other	<u>1,563</u>	<u>595</u>
	<u>\$40,008</u>	<u>\$46,639</u>

NOTE 10 - LONG-TERM DEBT - DUE TO AFFILIATES

Long-term debt - due to affiliates as of June 30 consist of the following:

	<u>2001</u>	<u>2000</u>
DPI term note due April 30, 2001, interest at 10.00%	\$ -	\$200,000
DPI term note due April 30, 2002, interest at 10.00%	-	24,000
DPI term note due June 30, 2003, interest at 10.00%	-	10,000
DPI term note due August 20, 2001, interest at 10.00%	-	20,000
DPI term note due December 31, 2018, interest at 9.60%	-	240,999
Park Place Finance Corp note due December 31, 2010 at 8.50%	<u>518,330</u>	<u>-</u>
	<u>\$518,330</u>	<u>\$494,999</u>

In December 2000, the DPI Term Notes were satisfied, along with certain inter-company debt with CWI totaling \$13.3 million, and replaced with one note with Park Place Finance Corporation at an interest rate of 8.50% due on December 31, 2010.

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 11 – LONG-TERM DEBT, OTHER

Long-term debt, other as of June 30 consist of the following:

	<u>2001</u>	<u>2000</u>
Mortgage Note due October 15, 2011 interest at 10.0%	\$ 790	\$ 809
Capitalized lease obligation, net of amounts representing interest	<u>967</u> 1,757	<u>1,283</u> 2,092
Less :current maturities	<u>(373)</u>	<u>(19)</u>
	<u>\$1,384</u>	<u>\$2,073</u>

NOTE 12 – CHARGES FROM AFFILIATES - MANAGEMENT FEE

The Company has recorded expenses for the three months ended June 30, 2001 and 2000 from CWI and affiliates as follows:

		<u>June 30</u> <u>2001</u>	<u>2000</u>
<u>Affiliate</u>	<u>Transaction</u>		
Caesars World, Inc.	Management fee	\$ 3,852	\$ 4,045
Caesars Palace Corp.	Tradename fee	<u>1,549</u>	<u>1,500</u>
		<u>\$ 5,401</u>	<u>\$ 5,545</u>

The Comany has recorded expenses for the six months ended June 30, 2001 and 2000 from CWI and affiliates as follows:

		<u>June 30</u> <u>2001</u>	<u>2000</u>
<u>Affiliate</u>	<u>Transaction</u>		
Caesars World, Inc.	Management fee	\$ 7,555	\$ 7,612
Caesars Palace Corp.	Tradename fee	<u>3,067</u>	<u>2,965</u>
		<u>\$10,622</u>	<u>\$10,577</u>

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 13 - NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income consists primarily of interest income.

STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2 (b) 1-5 during the quarter.


Signature

Vice President/Chief Financial Officer
Title

#7438-11
License Number

On Behalf Of:

Boardwalk Regency Corporation
Casino Licensee